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Trend in Patent Trials and Litigations in Korea

1. Summary of Patent Trials and Litigations

In Korea, patent trials are classified into *ex parte* trials, which are filed against the examiner's decisions, such as a final rejection of a patent application, and involve only a petitioner, and *inter partes* trials, which are filed to resolve disputes between two parties, *i.e.*, a petitioner and a respondent, with regard to registered patent rights.

Once a decision is issued by the Intellectual Property Trial and Appeal Board (IPTAB) on an appeal, this IPTAB decision can be appealed to the Patent Court and a Patent Court decision can be appealed to the Supreme Court.

According to the "Intellectual Property Statistics for 2019" issued by the Korean Intellectual Property Office (KIPO) in 2020, the number of requests for patent trials and appeals of the IPTAB decisions has steadily be declining. Meanwhile, the affirmation rate, *i.e.*, the rate of decisions in favor of petitioners, has increased in IPTAB decisions as well as in rulings by the

Patent Court and the Supreme Court.

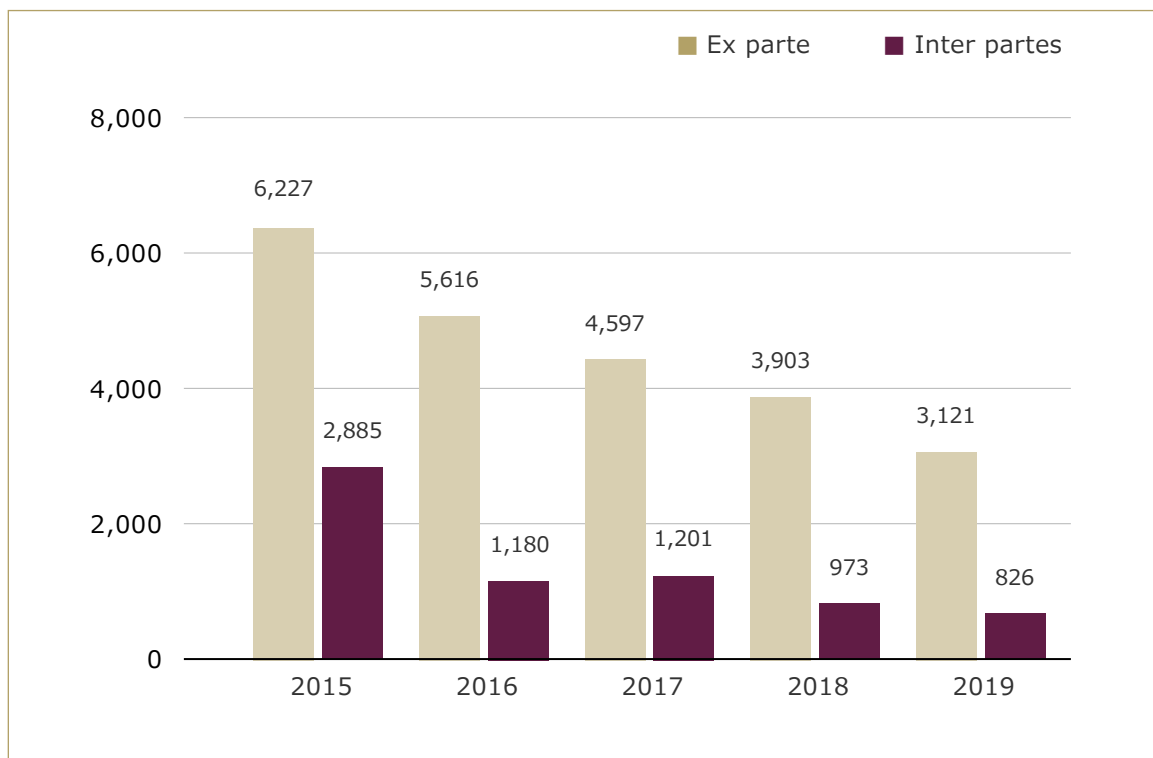
2. Decrease in Requests for Trials

The number of requests for *ex parte* trials, such as an appeal of the examiner's final rejection of a patent application, has gradually decreased since 2015 from 6,227 to 3,121 in 2019, which is an approximately 20% decrease from 3,903 in 2018. This downward trend appears to have resulted from the increased reliability in the examination results due to the improved quality of examination.

Moreover, the number of requests for *inter partes* trials, such as invalidation trials and scope-confirmation trials, has also decreased annually since 2015 from 2,885 to 826 in 2019, falling approximately 15% from 973 in 2018.

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[Requests for Trials per Year]



3. Increase in Affirmation Rate in Trials and Decrease in Appeals of IPTAB decisions

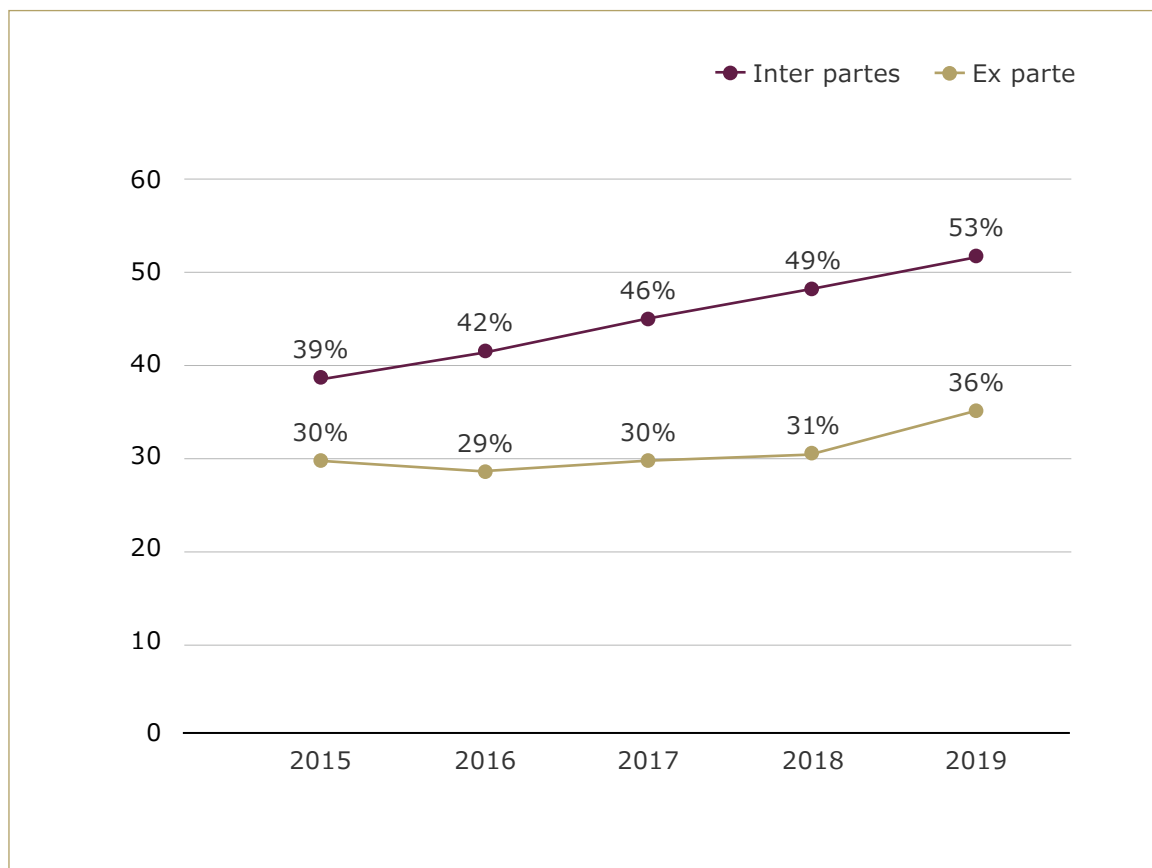
The affirmation rate in both *ex parte* and *inter partes* trials has increased every year. In particular, the affirmation rate in *inter partes* trials has gradually risen from 39% in 2015 to 53% in 2019, a 14% increase in 4 years.

Moreover, requests for *ex parte* trials were accepted at a rate between 29% and 31% from 2015 to 2018, which slightly increased to 36% in 2019.

Such increase in the affirmation rate in trials appears to be attributed to enhanced understanding of applicants or interested parties for patent rights. Furthermore, an increasing number of petitioners has learned to conduct a thorough analysis of patents before filing requests for trials, thereby reducing unproductive requests for trials.

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[Change in Affirmation Rate in Trials]



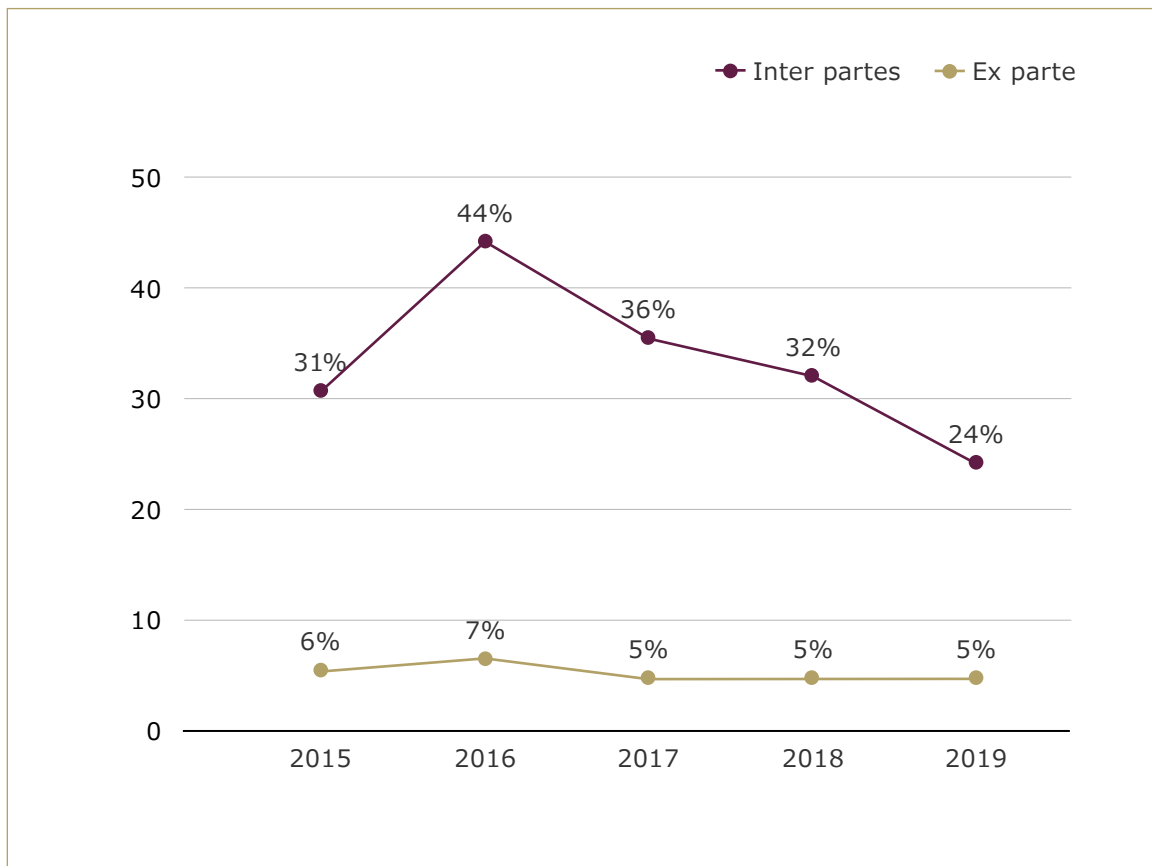
※ Affirmation rate: Number of affirmed decisions (i.e., decisions in favor of petitioners) / Number of decisions issued. The number of affirmed decisions is a sum of the number of full affirmation decisions and the number of affirmation-in-part decisions.

Meanwhile, the rate of appealing IPTAB decisions in *inter partes* trials has dropped significantly. After hitting the peak at 44% in 2016, the appeal rate has decreased to 32% in 2018 and further down to 24%

in 2019. In *ex parte* trials, the number of appeals of IPTAB decisions showed no particular change recently, as it maintained 5% to 7% for the past 5 years.

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[Change in Appeal Rate for IPTAB Decisions]



4. Increase in Success Rate in Rulings by the Patent Court and the Supreme Court

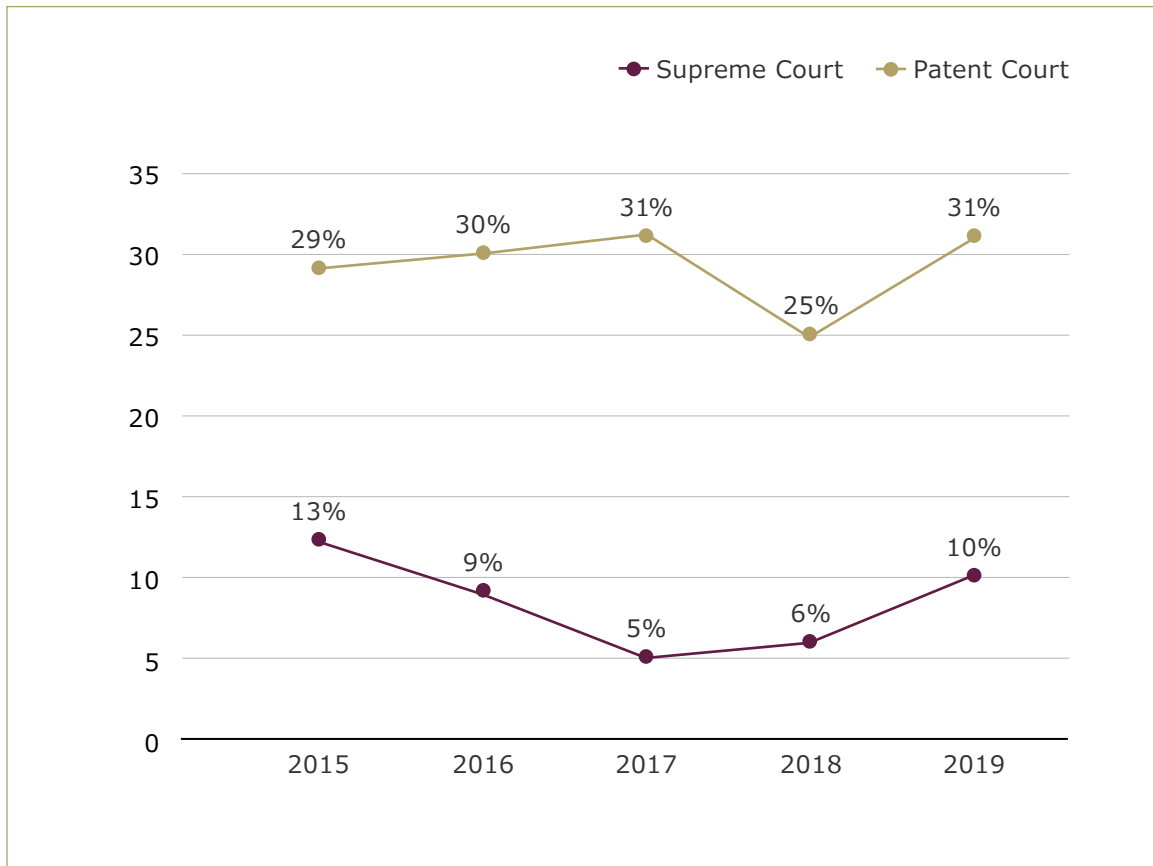
In appeals of IPTAB decisions, the Plaintiff success rate in the Patent Court was 31% in 2019, increased by 6% from 2018.

In addition, in appeals of Patent Court's decisions, the Plaintiff success rate in the Supreme Court was 4% higher in 2019, as compared to 6% in 2018.

In light of the recent increase in the Plaintiff success rate in the Courts, petitioners may be able to protect their rights efficiently by exercising their rights more actively.

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[Change in Success Rate in Rulings by Patent Court and Supreme Court]



※ Plaintiff success rate: Number of plaintiffs' wins/ Number of decisions Issued. The number of plaintiffs' wins is a sum of the number of plaintiffs' complete wins and the number of plaintiffs' partial wins.

Intellectual Property Amid COVID-19 Pandemic

According to the Korea Intellectual Property Office (KIPO), the total number of patent and trademark applications filed by the third quarter of this year is increased by

9.4% compared to the same period in 2019. It was at an all-time high over the same period in previous years despite COVID-19 pandemic.

Driving such increase was due to an

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increased number of patents and trademarks applications filed by small and medium-sized enterprises (SMEs) to prepare for the post-COVID-19 era. Specifically, applications filed by SMEs for patents and trademarks are increased to 10.7% and 20.4%, respectively, from last year. In addition, there was a high increase in patent applications in the fields of biotechnology (33.5%), medical technology (23.5%), and e-commerce (22.7%). As for trademark applications, the number of applications in the class including medical devices (66.52%) and the class including pharmaceuticals (45.0%) has increased significantly. It is speculated that significant concern for COVID-19 pandemic contributed to the increased number of applications in the medical and hygiene fields.

In particular, the growth in number of applications in antibacterial and antiviral air purification related fields has been most notable. The growth rate in these fields has significantly increased from last year, showing the growth rate of 28% by the third quarter of this year, which is substantial considering its average annual growth rate of 14% since 2016. Moreover, for inventions relating to a negative pressure device of a hospital, which incorporates ultraviolet

rays or filters with a sterilization function, 15 applications have been filed since March 2020 whereas only 2 applications were filed in the year of 2019. Since the outbreak of COVID-19 pandemic, related applications have considerably increased.

Although KIPO does not separately stipulate an accelerated examination system applicable to COVID-19-related applications, it is still possible to expedite allowance of these applications by utilizing the existing accelerated examination system. The most representative example is the first “K-WalkThru” patent application filed by Yang Ji Hospital for its own manufactured sputum collection booth equipped with a negative pressure device. The registration process was completed within three months from the filing date of the application by using a preliminary examination system. The first “K-WalkThru” patent is famous for its fast and safe sample collecting measure and shows exceptional features including: occupying small spaces; reducing preparation time for sanitation between tests; and minimizing physical contact with a patient.

For COVID-19 vaccines or therapeutics, a revised bill of laws on a compulsory license

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for the supply of COVID-19 vaccines and therapeutics was recently proposed by the Korean National Assembly and under consideration. In Korea, there was a request for a compulsory license for some drugs, for example, Novartis' Gleevec for treating leukemia, but compulsory licenses for drugs have not yet been granted. Thus, it is uncertain whether compulsory licenses would be granted for COVID-19 vaccines and therapeutics.

PATENTS / UTILITY MODELS

PATENTS / UTILITY MODELS

Revisions to the Patent Act and the Unfair Competition Prevention Act

Revisions to the Korean Patent Act became effective as of October 20, 2020, redefining patent infringement as an “offense unpunishable over objection.”

In Korea, a person who infringed a patent right is punishable by imprisonment for a term of less than seven years or a fine of less than KRW 100 million, in addition to civil remedies, such as damages. Under the pre-revised Patent Act, the patent infringement was defined as an “offense subject to a complaint,” for which an infringer cannot be prosecuted without a complaint filed by a patent right holder. Moreover, a complaint could only be filed within six months from the date the patent right holder becomes aware of the infringer. Such criminal complaint requirements have been criticized being ineffective against patent infringement.

According to the revisions, the patent infringement is changed from an “offense subject to a complaint” to an “offense unpunishable over objection,” for which an infringer may be prosecuted *ex officio*

even without a complaint filed by the patent right holder. In addition, the provision of the 6-month time limit for filing a complaint has been deleted. The “offense unpunishable over objection” refers to a crime for which an offender may be prosecuted *ex officio* but shall not be prosecuted if the victim expresses his/her intention not to punish the offender. That is, a criminal complaint is not required for the “offense unpunishable over objection” for prosecution of the offender, while it is required for the “offense subject to a complaint.”

Along with the revisions to the Patent Act, a bill for partial revision to the Unfair Competition Prevention Act, focusing on the announcement of the recommendations for correction of an act of unfair competition, was finalized and the revision will take effect on April 21, 2021. According to this revision, in the case of failure to comply with recommendations for correction of an act of unfair competition, such noncompliance can be announced, thereby enhancing the effectiveness of administrative investigations and recommendations for correction. In addition, unfair competition investigations shall be suspended if a concerned party files a request for mediation of dispute with the Industrial Property Right Dispute

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Mediation Committee under the Invention Promotion Act while the investigations are in progress. If the mediation is successful, the investigations shall then be terminated for the early settlement of the dispute.

Unfair Competition and Trade Secret Infringement Cases to be Handled by the Industrial Property Right Dispute Mediation Committee

In a bid to smoothly and quickly resolve disputes over industrial property rights, the Industrial Property Right Dispute Mediation Committee (IPRDMC) was established under the Korean Intellectual Property Office (KIPO) in 1995 based on the Invention Promotion Act and has provided an alternative dispute resolution. The IPRDMC has proposed speedy and fair solutions to disputes over patents, utility models, trademarks, designs, and employee inventions through a committee composed of experts from various fields.

The IPRDMC can provide early settlement of disputes as a mediation procedure is generally completed within 3 months without incurring application fees. The entire mediation procedure is not open to the public. Once established, the medi-

ation settlement will be legally binding, which has the same effect as a declaratory judgement by a court. Compulsory execution proceedings can be taken if mediated settlement agreements are not carried out.

The KIPO announced that as of August 5, 2020, disputes over the overall unfair competition practices and trade secrets prescribed in the “Unfair Competition Prevention and Trade Secret Protection Act” can also be subject to mediation by the IPRDMC. This is in line with the latest revision to the Invention Promotion Act that expands the matters subject to mediation by the IPRDMC to cover all trade secrets and unfair competition practices.

Thus, the IPRDMC can now handle unfair competition practices conducted to secure a competitive advantage by riding on another’s competitiveness, such as imitating a product created by someone else who spent considerable amount time and money or illegally using someone else’s idea in transactions, and trade secret disputes, such as corporate sales strategies, bidding plans and customer lists.

In the past, it was difficult to seek substantial damages from unfair com-

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petition practices even through time-consuming and expensive lawsuits. In the future, however, it will be possible to obtain faster relief for damages by utilizing the dispute settlement system for industrial property rights.

TRADEMARKS / DESIGNS

TRADEMARKS / DESIGNS

Introduction of Punitive Damages for Willful Infringement of Trademark Rights and Design Rights in Korea

The Korean Trademark Act and the Korean Design Act has been revised to introduce punitive damages (*i.e.*, treble damages) and stronger penalties for willful infringement of the trademark/design rights. The revisions became effective as of October 20, 2020 and applicable to acts of infringement occurred on and after October 20, 2020.

According to the revisions, the court can award treble damages to the trademark/design registrant if an act of an infringer of a trademark right or a design right is determined to be willful and intentional. The punitive damages provision, which has been imposed in the Korean Patent Act and Unfair Competition Prevention and Trade Secret Protection Act in 2018, is now available for trademark/design infringement.

In addition, the revisions include a change to the calculation of damages based on royalties by revising the standard of

“ordinarily expected” royalty to “reasonably expected” royalty. Prior to the revisions, as the royalties based on the “ordinarily expected” standard were calculated as an average rate that can be “ordinarily expected” in the relevant industry, which is generally lower than the royalty rate that the trademark/design owner can actually obtain, the method of calculating damages relating to royalties based on this standard has been criticized.


Moreover, the maximum award of statutory damages for trademark infringement has been increased from KRW 50 million to KRW 100 million for negligent infringement and KRW 300 million for willful infringement. The increased statutory damages reflect the expansion of the Korean markets, inflation and the treble damages provision, thereby providing stronger protection of the trademark rights.


TRADEMARKS / DESIGNS

The amendments above are outlined in the table below.


	Previous Provisions	New Provisions (effective October 20, 2020)
Korean Trademark Act	<ol style="list-style-type: none"> (newly added) Damages based on royalties : “ordinarily expected” royalty Maximum statutory damages : KRW 50 million 	<ol style="list-style-type: none"> The treble damages provision has been introduced. Damages based on royalties : “reasonably expected” royalty Maximum statutory damages : KRW 100 million for negligent infringement and KRW 300 million for willful infringement
Korean Design Act	<ol style="list-style-type: none"> (newly added) Damages based on royalties : “ordinarily expected” royalty 	<ol style="list-style-type: none"> The treble damages provision has been introduced. Damages based on royalties : “reasonably expected” royalty

Invalidation of the Later-Registered Mark “” by Determining that the Prior-Registered Mark “” is Perceived as “AirFit”

Lee International filed an invalidation action against the mark “” (“Third Party Mark”) with the Intellectual Property Trial and Appeal Board (IPTAB) of the Korean Intellectual Property Office (KIPO) on behalf of Uni-Charm Corporation,

a Japanese company that is known for hygiene products. In the invalidation action, Lee International argued the similarity between the Third Party Mark and the prior-registered mark “,” (“Uni-Charm’s Mark”) on the basis that it is not difficult for the Korean general public to perceive and pronounce the Uni-Charm’s Mark as Airfit. Consequently, Lee International was successful in invalidating the Third Party Mark.

TRADEMARKS / DESIGNS

	Uni-Charm's Mark	Third Party Mark
Mark		
Designated Goods	Int'l Class 5: Disposable baby diapers, paper diapers, etc.	Int'l Class 5: Menstruation tampons, disposable baby diapers, etc.

To prevent a registration of the Third Party Mark, Lee International argued that the Third Party Mark is confusingly similar to the prior-registered mark, *i.e.*, the Uni-Charm's Mark, before KIPO. The KIPO found such argument to be persuasive, and issued a final refusal for the Third Party Mark. However, an applicant of the Third Party Mark appealed the KIPO's final refusal with the IPTAB. During the appeal, the applicant argued the dissimilarity between the Third Party Mark and the Uni-Charm's Mark emphasizing that i) the Third Party Mark is substantially dissimilar to the Uni-Charm's Mark in terms of its appearance and pronunciation, and ii) the marks are not comparable in terms of their meanings because the Uni-Charm's Mark would unlikely be perceived as having a particular meaning. Based on the

applicant's argument, the final refusal of the Third Party Mark was reversed by the IPTAB. Specifically, the IPTAB concluded that i) the Uni-Charm's Mark would be pronounced as /e-a-hit-to/, and ii) it is difficult for the Korean general public to intuitively understand the meaning of the Uni-Charm's Mark without a Japanese dictionary, and iii) thus, the Uni-Charm's Mark and the Third Party Mark are not confusingly similar. As a result, the Third Party Mark was registered in Korea.

Lee International filed an invalidation action against the registered Third Party Mark with the IPTAB, zealously arguing that the registration of the Third Party Mark should be invalidated.

Eventually, the IPTAB concluded that

TRADEMARKS / DESIGNS

our arguments are persuasive and the registration of the Third Party Mark should be invalidated. Specifically, the IPTAB determined that i) the word element “エアフィット” of the Uni-Charm’s Mark is indicated as “에어피트”(Airfit) (which is pronounced as /e-eo-pi-teu/ in Korean) or “에어핏”(Airfit) (which is pronounced as /e-eo-pit/ in Korean) in many Japanese-Korean dictionaries, ii) the Uni-Charm’s Mark is referred to as “에어피트”(Airfit) by traders and consumers in Korean shopping websites, iii) since the main consumers of baby products are mothers in their thirties with high information recognition and influence, there will be no difficulty in recognizing the Uni-Charm’s Mark, which consists of the Japanese letters in Katakana, and iv) considering the above, the Uni-Charm’s Mark would be perceived as “Airfit” and pronounced as /e-eo-pi-teu/ or /e-eo-pit/ in Korean, in which case the Third Party Mark is confusingly similar to the Uni-Charm’s Mark.

The applicant of the Third Party Mark filed an appeal against the IPTAB decision issued in the invalidation action with the Patent Court, and the appellate procedure is pending. However, it is significant that the IPTAB held that a mark, which consists of the Japanese letters in Katakana (not

Latin letters), can easily be perceived and pronounced by the Korean general public (despite the applicant’s arguments that it is difficult for the general consumer to perceive the Uni-Charm’s Mark).

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LEE International IP & Law Ranked as a Recommended Firm in Asialaw Profiles 2021



In the newly published edition of Asialaw Profiles 2021, Lee International IP & Law is ranked as a Recommended Firm for the Intellectual Property practice area in South Korea.

Asialaw is a legal media of Euromoney in the United Kingdom and its directory, Asialaw Profiles, provides law firm recommendation and editorial analysis of key industry sectors and practice areas in the Asia-Pacific region.

Asialaw have selected 11 industry sectors and 13 practice areas in South Korea which are the most important and active in the market as its ranking categories. It announces the ranking results based on in-depth market researches, qualitative surveys, and client interviews, and so on.



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Lee International IP & Law Group was founded in 1961 and currently ranks as one of the largest IP law firms in Korea.

Lee International retains distinguished IP professionals with expertise in all major areas of intellectual property.

Lee International is a leader in patent prosecution, trademark prosecution, and IP disputes and litigation including patent litigation, trademark litigation, anti-counterfeiting matters, domain name disputes, copyright disputes and trade secret enforcement. Lee International counsels many Fortune 100 and other leading multinational companies on how to successfully maneuver not only through the complexities of Korean law, but also through the unique intricacies of doing business in Korea.

